

GENERAL FUND REVENUE ESTIMATES FOR FY/04

General Fund revenues for FY/04, including all proposed fee increases and tax changes, are expected to increase 6.2% to \$348.8 million; with \$2.65 million in non-recurring receipts. This represents an increase of \$20.4 million above the current estimate of FY/03 revenues. The largest source of growth—\$8.7 million—comes from increases in gross receipts taxes. The Albuquerque economy continues to grow, but at a slow rate. Construction employment, after declining substantially in FY/03, as the BIG-I project ended, held its own mostly through residential construction. In FY/04, slowdowns in single-family construction are expected as interest rates begin to increase.

Estimated franchise fees in FY/04 are \$637 thousand below the estimated FY/03 revenues; due to one-time receipts in FY/03. Recurring franchise revenues will increase by 3%. A full year of revenue from the new PNM natural gas franchise increases revenue, but this is partially offset by an electric rate decrease of 4% effective in September 2003. Expected property tax revenues increase \$8 million with growth of 2.5% plus \$7.4 million from the shift of one-mill in the capital levy to the operational levy. Payments in Lieu of Taxes (PILOT) revenues are expected to increase \$244 thousand from growth in enterprise funds.

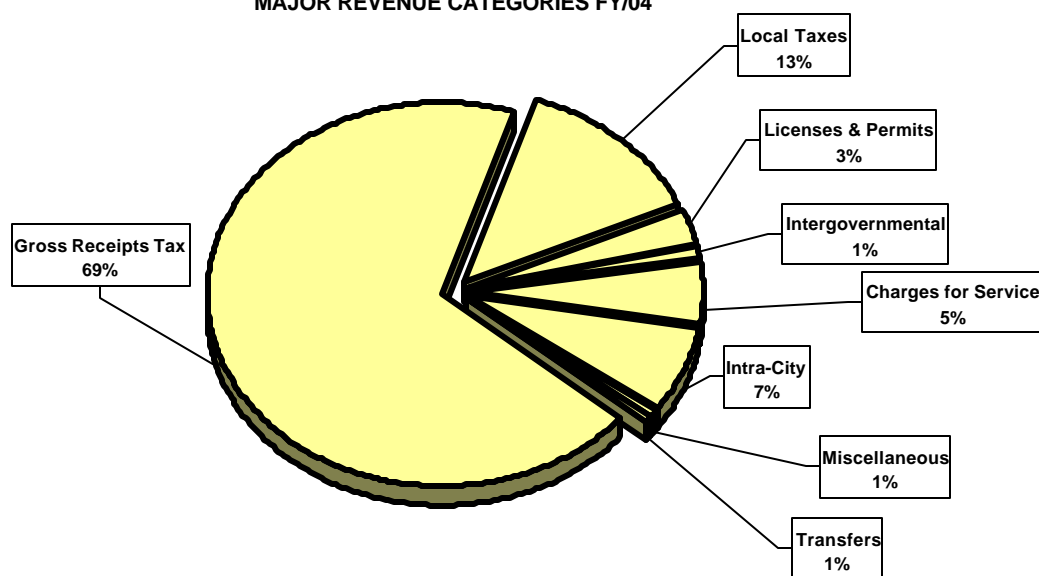
Intergovernmental assistance, other than State-shared gross receipts tax revenues, has little growth. Bernalillo County shared revenues and vehicle excise shared revenues show no growth. The slow

growth of the shared gasoline tax revenue is anticipated to only offset expected declines in the cigarette tax revenue.

There are moderate proposals for increases in fees for services. Charges for services are expected to generate about \$17.9 million, an increase of \$1.7 million from the FY/03 estimated actual. A more complete list of major changes and new fee structures is provided below.

Charges for internal services continue to decline as the City reduces its direct provision of office services, building alteration, surveying, and engineering inspections. These services are available from the private sector and can reduce operating costs significantly. Indirect overhead increases by only \$411 thousand primarily from wage increases in the funds that pay indirect charges. CIP revenues will increase \$1.86 million to fund positions supporting capital program projects. The new positions covered are in park development, public works and cultural projects including the Animals of Africa exhibit, Balloon Museum, and support of the silvery minnow. Recurring interfund transfers increase with additional transfers from the water utility to fund computer programmers in support of the utility billing system. There are two one-time transfers one from Environmental Health to clean out a trust and agency account and one from the City/County Project Fund to reduce that fund balance.

MAJOR REVENUE CATEGORIES FY/04



SIGNIFICANT REVENUE CHANGES FOR FY/04

Dollars in Thousands

Following is a description of the major changes in the General Fund revenue expectations for FY/04. A description of changes in fees and charges is provided. Additional information is included in the revenue section following consolidated tables.

GROSS RECEIPTS TAX

- ❖ Net Growth from FY/03 Budget as adjusted at midyear. \$8,672

LOCAL TAXES

- ❖ Net change franchise (\$637)
- ❖ Recurring franchise increase \$534
- ❖ Property tax shift of one mill and increase in base \$8,000

PERMITS AND LICENSES

- ❖ Building permits fees expected to decline by 10% (\$808)

CHARGES FOR SERVICES

- ❖ Increase in entrance fee to the Art Museum \$43
- ❖ Increased attendance for the new Animals of Africa exhibit \$200
- ❖ Preferred vendor fees for full year at the convention center. \$168
- ❖ Increase in the overhead charged for police Chief's overtime \$34
- ❖ Tennis lessons will no longer be provided (\$83)
- ❖ Increase of 10% in adult sports fees \$41
- ❖ Latchkey fee increases \$529
- ❖ Child care fee increase \$157
- ❖ Increase in attorney legal fees collected from risk management \$430

CIP FUNDED POSITIONS

- ❖ Park development and design \$543
- ❖ Public Works street programs \$530
- ❖ Balloon Museum construction oversight \$220
- ❖ Special Cultural Projects \$350

INTERNAL SERVICES

- ❖ Continued reduction in revenues for inspections and surveying (\$55)

INTERFUND TRANSFERS

- ❖ One-time transfer from Environmental Health trust and agency account \$58
- ❖ One-time transfer from City/County project fund \$242
- ❖ Transfer from water utility to fund utility billing system programmers \$312

FEES AND CHARGES

Parks and Recreational Services

Fees per team for sports will increase as follows:

Sport	Current Fee	Proposed 2004 Fees	Difference	% Increase
Spring Softball	\$360.00	\$396.00	\$36.00	10.00%
Summer Softball	\$720.00	\$792.00	\$72.00	10.00%
Baseball	\$720.00	\$792.00	\$72.00	10.00%
Fall Softball	\$450.00	\$495.00	\$45.00	10.00%
Flag Football	\$550.00	\$605.00	\$55.00	10.00%
Basketball	\$420.00	\$462.00	\$42.00	10.00%

Cultural Services

Admission fees to the Albuquerque Museum are increased \$1.00 for adults and seniors. Admission will be \$3 for adults and \$2 for seniors. Admissions for children 4 to 12 remains at \$1, and out of state adults continue to pay an additional \$1.

Family and Community Services

Child-care Fees **\$157,000**

- ❖ Eligible families on the lower end of the income eligibility scale will pay \$25/Week - an increase of \$5.00.
- ❖ Eligible families on the higher end of the income eligibility scale will pay \$39/Week - an increase of \$7.00.
- ❖ Non-Eligible families will pay \$65/Week - an increase of \$10.00.

Latch Key **\$527,000**

Latch key (mornings)/Playground (afternoons) Fees

- ❖ All families will pay a Registration Fee of \$10/Child - previously no registration fee was assessed.
- ❖ Service from 7AM to 9AM and from 3PM to 6PM will be \$20.00 per week for non-income eligible families (no change) and \$10.00 per week for income eligible families (previously no charge).
- ❖ Playground only, 3PM to 6PM, will increase to \$10.00 per week for non-income eligible families and to \$5.00 per week for income eligible families (previously no charge).

Summer program fee schedule

- ❖ All families will pay a registration fee of \$10/Child - previously no registration fee was assessed.
- ❖ Any participation in the summer latch key program will be \$20/week where previously no fee was charged between the core hours of 9AM to 3PM.

FY/03 CHANGES

Revenues for FY/03 are now expected to be \$328.4 million or \$10.8 million below the approved FY/03 budget. A series of events caused this shortfall in revenues. The economy slowed substantially at the end of FY/02 and the base for FY/03 declined. In the Five-Year Forecast, FY/03 revenues were adjusted downward with the largest declines coming from GRT revenues (\$6 million) and interest earnings (\$1.2 million). Additional losses are expected due to weaknesses in charges for services and in permits. Charges for services are \$2.1 million below the approved budget with growth of only 3% above FY/02. This substantial decline is in larger part the result of decreased visitation to City venues. Revenues from several additional sources slowed

this year. In permits and fees, an expected new restaurant inspection ordinance with fee increases was not enacted, and animal license fee collections were down. Cable franchise revenue was renegotiated and the City received a \$1.1 million advance on future revenues. The natural gas franchise was renegotiated, and the first revenues were received in February. The revenues from building permits are much stronger as revenues increased an average of 30% and construction has not slowed as anticipated. The forecast now estimates that construction activity will increase about 8% above the FY/02 levels and revenues will increase 38%. Charges for surveying and inspections were down more than expected.

